GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1231
ANSWERED ON:21.08.2007
LOSSES SUFFERED BY VARIOUS EXPORT SECTORS
Badiga Shri Ramakrishna;Bhakta Shri Manoranjan;Dhumal Prof. Prem Kumar;Gaikwad Shri Eknath Mahadeo;Jogi Shri Ajit;Lagadapati Shri Rajagopal;Owaisi Shri Asaduddin;Scindia Shri Jyotiraditya Madhavrao;Singh Shri Sugrib;Veerendra Kumar Shri M.P.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether leather, IT, textiles and various other export sectors have suffered losses due to rupee appreciation against major currencies;

(b) if so, whether Federation of Indian Export Organisation has requested the Government to increase DEPB or drawback neutralization to meet their losses;

(c) whether demands for compensation of losses incurred by these exporters for losses incurred have been received by the Government;

(d) if so, the details thereof;

(e) the foreign exchange earned through the above-mentioned export sector during the 2007-08 as compared to the year 2006-07; and

(f) the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) : Yes, Sir. Due to Rupee Appreciation against major currencies, in particular US$, net export realization in Rupee terms (including that for leather exports) has been reduced by approximately 13% during last one year.

(b) : Yes, Sir.

(c) & (d): Yes, Sir. Compensation measures sought are listed below:

(i) To enhance DEPB and duty drawback rates;

(ii) Reimbursement mechanism based on Net Foreign Exchange (NFE) realization;

(iii) Pegging rupee to export basket of currencies of competitor countries ;

(iv) To provide Export credit at bank rate uniformly for 360 days to all exporters including non-status holders;

(v) To re-introduce Sec.80-HHC Income tax benefit;

(vi) To offset costs of export promotion measures (as in the erstwhile Sec. 35 (B) by creating an `export profit reserve` for expansion/R&D);

(vii) To modify Market Development Assistance (MDA) Scheme;

(viii) Refund of Central and State levies within a given time frame;
(ix) To make Export Earnings Foreign Currency (EEFC) Account interest bearing;

(x) To levy a cess on imports.

(e): Foreign Exchange earned during April to June 2007-08 compared with the same period in 2006-07 for merchandise exports is as follows :

Period	Foreign Exchange Earned (Rs. In crores)
2006-07 (April to June)	1,32,164.90
2007-08 (April to June)	1,41,330.65
Percentage growth	6.94%

(f): The Govt. considered the request so received and took the following measures as an immediate relief to the exporters :

(i) DEPB rates enhanced by 3% for the following nine Sectors and 2% for others w.e.f. 1.4.2007.

A. Textiles (including Handloom)

B. Readymade Garments

C. Leather Products

D. Handicrafts including carpets

E. Engineering Products

F. Processed Agricultural Products

G. Marine Products

H. Sports Goods

I. Toys

(ii) Duty Drawback rates enhanced w.e.f. 1.4.2007.

(iii) ECGC Premia rates reduced by 10%.

(iv) Interest rate on pre and post shipment credit reduced by 2%.

(v) All pending cases of refund of Terminal Excise Duty, Central Sales Tax, Deemed Export Duty Drawback cleared.

(vi) RBI has been requested to work on the possibility of making EEFC account interest bearing.

(vii) Ministry of Finance has been requested to immediately finalize and issue the Service Tax exemption/Refund notification in line with the provisions of Foreign Trade Policy.